

## REMARKS

Claims 1 through 12 are under consideration. Claims 1,2 and 3 have been amended. Reconsideration of all claims is respectfully requested.

In #1, the Office Action states that the prosecution is reopened. Applicant wants to clarify that the prosecution was opened on March 13, 2000, and since then has NOT been closed, but has remained open throughout. So the statement that “prosecution was reopened” is an incorrect representation.

In #3 the Action states:

*“ Claims 1-6 are rejected under 35 U.S.C. 102(e) as being anticipated by Schwartz et al. (US2001/0044787). ”*

The Action then reproduces claims 1-6 in their entirety and provides specific citations from Schwartz et al. as prior art to specific elements without any explanation, as follows:

*As per claim 1,*  
*A data processing system for executing a secure e-financial transaction for an account, without disclosing any personal financial information, comprising:*  
*a central controller including a CPU and a memory operatively connected to said CPU;/fig1(22,18,10); 0023*  
*at least one terminal, adapted for communicating with said central controller,*  
*by transmitting the secure parameter to said central controller; /fig 2 (all); 0019*  
*said memory in said central controller containing a program, adapted to be executed by said CPU, for executing e-financial transactions for the secure parameter, wherein the secure parameter is a password or code; /0019, 0020,0021,0024,0131*  
*wherein said central controller receives the secure parameter from said terminal and executes the e-financial transaction for the account based upon the secure parameter, without requiring access to personal, financial, banking or credit card information/abstract; 022 0076.*

In response, applicant disagrees because the cited sections *fig 1(22,18,10); 0023; fig 2 (all); 0019; 0019, 0020,0021,0024,0131;and ; 022 0076* are not disclosed specifically or indirectly in the Provisional Application No. 60/176,390 from which the cited prior art claims priority.

Furthermore, applicant has carefully reviewed the cited paragraphs from Schwartz et al., and concludes that the present invention is clearly distinguishable from Schwartz et al., because: 1) Schwartz et al. appears to maintain anonymity between the consumer and the merchant BUT does NOT maintain anonymity between the consumer and the secure private agent (SPA) or the SPA and the payment processing agent—as is the case in the present invention, and 2) Schwartz et al. does not explicitly disclose the amount of funds having the password security.

In other words, Schwartz et al. lacks two essential elements of the present invention, and therefore cannot be used for a 35 U.S.C 102 rejection, based on case law, as explained below. Importantly, the Examiner seems to have overlooked the second half of claim 1 where the essential elements had been included, and have been more clearly defined by the current amendment in claim 1, so the Examiner will not miss them again, for example:

financial, banking or credit card information:

**said system comprising:**

**a central controller located at a bank, said controller including a CPU and a memory operatively connected to said CPU;**

**a client's input/output device purchased from the bank for a given amount, said device having a secure password from the central controller assigned to it and installed onto the client's computer;**

**a merchant's website;**

wherein the e-financial transaction starts with:

- the client browsing the merchant website, followed by placing an order using the password assigned to the client's input/output device,
- the merchant website relaying the input data to the central controller, and
- the central controller validating the client's password and order and authorizing or denying the order based on the client's input/output password for the account, without accessing any further personal data of the client.

According to the case law, for a rejection to be upheld under section 102 of 35 USC, "...every element of the claimed invention must be identically shown in a single reference' ...these elements must be arranged as in claim under review" (In re Bond, 910 F.2<sup>nd</sup> 831, 15 USPQ 2<sup>nd</sup> 1566). In the present application, Schwartz et al. does not have two essential elements of the present invention and therefore, there is no basis for the rejection under Section 102 based on Schwartz et al.- it must be withdrawn.

Similarly the rejection of claims 2, 3, 4, 5 and 6, which are all dependent of claim 1, should be rejected for the above reasons.

In #5 the Action states:

*"Claims 7-12 are rejected under 35 U.S.C. 103(a) as being unpatentable over Schwartz et al. (US 2001/0044787).... Schwartz et al. discloses processing a program to execute the e-financial transaction transmitted by the secure password /0110;0103;0117;0204. However, Schwartz does not explicitly disclose the amount of funds having the password security.*

The Action reproduces Claims 7, 8, 9, 10, 11, 12 and cites specific citations of Schwartz et al., as basis of rejection of these claims. Claims 8 and 9 are dependent on claim 7. Claims 10, 11, 12 are independent and each of them includes the above (in bold) essential element absent in Schwartz et al. The Action then goes on to state:

*"Official notice is taken that this feature of the amount of funds having password security is old and well known in the e-commerce art. It would have been obvious to one*

*of ordinary skill in the art at the time of applicant's invention to implement this feature of the amount of funds having the pass word security of the advantage of efficient and logical encrypting."*

In response, applicant strongly disagrees because the cited sections- 0110;0103;0117;0204 are not disclosed specifically or indirectly in the corresponding Provisional Application No. 60/176,390, and therefore Schwartz et al. cannot be used as prior art for the present invention.

In addition, under Graham v. John Deer Co., in the consideration and determination of obviousness under 35 U.S.C. § 103, the following factual inquiries have to be made: A) the claimed invention must be considered as a whole; B) the references must be considered as a whole and must suggest the desirability and thus the obviousness of making the combination; C) the references must be viewed without the benefit of impermissible hindsight vision afforded by the claimed invention; and D) reasonable expectation of success is the standard with which obviousness is determined.

First, Schwartz et al. does not suggest the desirability and thus the obviousness of the amount of funds having the password security, a unique feature of security of the present invention, which is that, through the use of existing technologies, the present invention enables the user to employ the I/O device to maintain his anonymity throughout the e-commerce transaction, by using a standard internet protocol time-to-live (TTL) and a new password for each new transaction.

Second, the examiner is using legally impermissible hindsight from the applicant's own specification and disclosure of the invention in concluding that it would be obvious to one of ordinary skill in the art to implement this feature of the amount of

funds having the secure password security for the advantage of efficient and logical encrypting. Therefore, the rejection of claims 7-12 is not sustainable as a matter of law.

The Examiner took Official Notice as to the “feature of the amount of funds having password security is old and well known in the e-commerce art”. The standard of Official Notice, is discussed in MPEP 2144.03 A. page 2100-136, as follows:

“It would not be appropriate for the examiner to take official notice of facts without first citing a prior art reference where the facts asserted to be well known are not capable of instant and unquestionable demonstration as being well-known. For example, assertions of technical facts in the area of esoteric technology or specific knowledge of the prior art must always be supported by citation to some reference work recognized as standard in the pertinent art.” In re Ahlert, 424.F2d. at 1091, 165 USPQ at 420-1.

“It is never appropriate to rely solely on “common knowledge” in the art without evidentiary support in the record, as the principle evidence upon which a rejection was based.” Zurko, 258 F3d at 1385, 59 USPQ at 1697.


Since the Examiner has provided no evidentiary support in the record (on the contrary, has admitted that “Schwartz does not explicitly disclose the amount of funds having the password security), as a matter of fact and law, the above rejection of claims 7-12 relying on Official Notice, is not sustainable and should be withdrawn.

In summary, claims 1 through 12 are allowable, because: 1) the prior art reference cited cannot be considered to have an earlier filing date than the present application (evidence presented above), and, 2) in the alternative, as a matter of fact and law, the present invention is distinguishable over Schwartz et al. Notice to that effect that claims 1 through 12 are allowable should be issued. If for any reason, the Examiner should deem this application not in condition for allowance, the Examiner is respectfully requested to

telephone the undersigned attorney to resolve any outstanding issues prior to issuing an eighth Office Action in the prosecution.

December 30, 2004

Respectfully Submitted,

A handwritten signature in cursive script, reading "Rashida A. Karmali".

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